

## Remarks at NYU Wagner's School Convocation Ceremony for the Class of 2014

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*As prepared for delivery*

Thank you, Courtney, for that kind introduction. Wagner students sure know how to do their research. Dean Glied, faculty, families and friends, I would like you all to join me in congratulating the 2014 graduating class of NYU's Wagner Graduate School of Public Service.

I am truly honored to be speaking to you today. NYU has been a big part of my life. I grew up on Sullivan Street. My father was an NYU law student at the time and my mother was finishing her dissertation at NYU. My first job was on NYU's campus. It was not a prestigious academic appointment. I juggled and passed the hat in Washington Square Park.

Two decades later I returned to NYU for another job—this time as a Visiting Scholar at Wagner, teaching classes on public finance, health economics and economic policy.

My formal relationship with Wagner came to an abrupt end in June 2008 when then-Senator Obama asked me to direct economic policy for his campaign. My daughter had just been born and my son had just celebrated his first birthday. But my wife encouraged me to take the job so I could contribute to the issues I had been teaching about at Wagner.

I knew campaigns were grueling, but I certainly did not expect that the six months in Chicago would end up being consumed by helping then-Senator Obama in his real-time efforts to help stem the worst economic crisis since the Great Depression. Returning to Washington for the transition, we started work immediately on the Recovery Act, the financial rescue, and other efforts to combat the crisis. In the White House we continued these efforts while also working to address longer range issues, like expanding affordable health insurance, promoting cleaner energy and bringing more fairness to the tax system.

So it is with some nostalgia that I return here today, taking a morning off from what started as a six month campaign but has turned into a six years and counting odyssey. I have really missed teaching Wagner students. I love how smart and dedicated you are. Only Wagner students would find jokes about p-values and confidence intervals funny. I love how artfully you balance your academic focus and real world interests and experiences. And I love how Wagner is deeply

rooted in my favorite city while also being a truly global program that draws students from dozens of countries all over the world.

In fact, I have so much respect for Wagner students that my first hire at the White House was Avra Siegel, a graduate of this school, who worked closely by my side for the first two years of the Administration and is now Deputy Director of the White House Council on Women and Girls.

When I was invited to return to Wagner today, I thought I could reprise one of my favorite lecture topics. Maybe corporate tax reform or pooling and sorting equilibria in health insurance markets. But there doesn't seem to be a PowerPoint projector up here on the podium.

I generally try to limit myself to providing economic advice. But I hope you will be patient with my attempt to synthesize some broader lessons from my own experience, recognizing that it is easier to give at least a semblance of coherence in retrospect to something that in prospect was more like a messy series of accidents.

First, you actually do learn some useful things in school. At least I tried to. When I was sitting in labor economics class in 1993, I certainly did not expect that two decades later I would have to draw on the lessons I was learning about the causes and consequences of long-term unemployment.

And while it is too late to tell anyone here to work harder on papers or study more for exams, I have one concrete lesson that may still be relevant: save your textbooks! And as a corollary, don't leave them in a damp basement closet when you're too busy to unpack while you're in your White House job or they'll all turn to mildew. I really do miss those textbooks.

Second, beyond the specifics, one of the best skills you develop in school is a focus on learning new things and seeking the truth—keep it up. In school you are assigned a paper topic or a problem set and then you have to go explore. In the course of this exploration, your teachers may question your methodology and fellow students may challenge the premises of your work. This process can be painful, but if taken in stride it sharpens your thinking and helps you develop constructive answers to real problems.

Too often in life it can be the opposite. You start out with the answer and then go off to find reasons that it must be true. Public policy especially risks becoming a team sport, in which you can feel called on to advance the ball for your team without understanding whether or not it truly advances your team's broader objectives.

Third, there is nothing wrong—and a lot right—with cohering around a more fundamental set of values. For example, some people believe that significant earnings disparities are inherently unfair while others believe that taking away what people earned for themselves is unfair. Sometimes the debate over inequality is about empirically testable propositions like how much do top earners respond to higher tax rates and what are the consequences of any responses for middle-class families?

Economists are divided on many of these empirical questions but if or when we do settle them (and I sincerely hope we do), the more fundamental debate about values will continue. And while I think it is also important to be self-critical and truth seeking about your values, it may be my lack of training in philosophy or my increasingly lazy mental habits, but I do not see anything wrong with picking your team when it comes to these fundamental values orientations and sticking with it.

But values alone rarely tell you the right answer—for that, you will need to draw on the specific knowledge you learned at school and the generalized habit of truth seeking that school helped to encourage.

But that can be hard to do all on your own, which brings me to the next lesson.

Fourth, take your critics seriously—they are sometimes right. Benjamin Franklin said, “Our critics are our friends, for they show us our flaws.” In Washington, it turns out, we have lots of friends! This can be tough. Any White House is subjected to incessant and often baseless criticisms. The instinct, correctly, is to rebut false and misleading arguments and get the truth out—it would be a waste of time to take seriously the charges that the President is a Kenyan Muslim.

But sometimes the critics are right. I try to take them seriously, whether coming from the left, the right, or the center. Because—as I said—the correct values are not enough, we need to use the best knowledge we have and constant truth seeking to make sure we are identifying the best ways to advance those values. And sometimes our critics can help in that process.

Fifth, this certainly does not mean that both sides are equally right, that a plague should fall on both your houses, or that the truth should be found in the carefully measured mid-point between two extremes. Keep your mind open, but keep your eyes open too. Avoid the trap of false equivalence. Sometimes one side or perspective may sound extreme or partisan but can still be correct. And sometimes one side or perspective can actually be deeply unreasonable and wrong-headed and there is nothing wrong with pointing this out.

The type of attitude that casts a plague on both your houses rewards extremism and discourages attempts to be reasonable or honest because all views are lumped together and tarred with the same brush. Think for yourself, do not outsource your thinking to one side, the other side, or some mathematical algorithm that mindlessly combines the two.

Sixth, know what you know and leave the rest to others. My job, for example, is to give economic advice. In proposing a policy to strengthen the economic recovery, the President needs to know much more. He needs to know what the vote count might be, the best policy proposal will not create any jobs if it does not pass Congress. The President needs to know how best to work with different groups to advance the agenda and to frame the message so that it will be persuasive to the public. When I sit in meetings I often have opinions on all of these topics. But I try, not always successfully, to focus my actual comments on the area where I at least have comparative advantage—economics.

But economics, or any discipline, is much messier in the real world than in those textbooks I wish I still had. If you want to combat climate change, the pure economic approach would be to call ten economists, ask them the best policy, and do it—and in this particular area all ten would probably give you the same answer. The pure political approach is to take a poll of a thousand people and do whatever is most popular. The much greater challenge falls in between—can you find a way to explain and support the best policy? Is there another policy you can combine with the best policy to address reasonable concerns of some groups or expand the coalition that will support it? Is there something close to the best policy that might actually be more feasible to get done? How to trade off all of these considerations? This is where the real world gets interesting and potentially harder than your classes, except maybe not harder than your Capstone.

This is the very kind of expertise—the technical grounding combined with broader experience—that you get at Wagner. In a world where everyone has an opinion—where everyone is a blogger—where many people think that truth can be found in 140 characters—you know better.

In conclusion, I know from personal experience that Wagner gives smart and dedicated students the opportunity to master a set of skills, a way of thinking and a broader set of experiences that will help each of you contribute to the worlds of nonprofits, the private sector or public service. So go forth and get to work.

But before you embark on your efforts to make the world a better place, make sure to thank everyone currently seated behind you—no one would be here without them and you will need them as you continue on your journeys.

Thank you and congratulations again to the Wagner Class of 2014.